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**A Frank Discussion
of
China's Present Problems**

By

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Representative in Peking

of the

**American Group of the China Consortium
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中國

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“If a man take no thought
about what is distant, he
will find sorrow near.”

The Confucian Analects, xv, xi.

FOREWORD

This pamphlet presents the mature judgment of a financial and business man who has just returned from a mission of two and a half years in China, where it was his business to study conditions having reference to the program of the China Consortium. In its original form it was an address delivered in New York City, at a dinner given by The Honorable Charles R. Crane, formerly American Minister to China, to a group of about fifty men actively interested in China, and especially in Peking Union University.

There may be those who will be inclined to dissent from some of Mr. Stevens' opinions, but no one will question that he speaks out of full knowledge.

ROBERT McELROY,

*Managing Director of the China
Society of America.*

CHINA'S PRESENT PROBLEMS

Republics are governed by public opinion. This need not, of necessity, control through the ballot, but it must control, or the word republic is a misnomer. Public opinion is the prevailing sentiment of the articulate portion of a given community. It is not, therefore, of necessity the opinion of the majority of individuals. Every republic has passed through, if indeed it does not still remain in, the stage where ruling public opinion represents not the numerical majority but a numerical minority. A true republic, one which has the really progressive tendency, must look toward a day when the majority shall be articulate, and therefore ruling; but it may fairly claim the name republic long before that day is reached.

A REPUBLIC ONLY IN NAME

Since the fall of the Manchu dynasty in 1911, after a reign of about two hundred and fifty years, and after a monarchical form of government lasting for thousands of years, a so-called republic was formed, and China is today called a republic. But the Chinese people were not well prepared for a republican form of government, and few who are adequately informed will deny that China is now a republic only in name. On the other hand, she is no longer a monarchy, and I believe she never will be again. She is ruled, in fact, by military lords. Her so-called Central or Peking Government is impotent in more than half of the territory of China. Her so-called parliament, lately reconvened at Peking, after several years' eclipse, is not representative, is not respected, is openly charged with being governed by selfish and corrupt motives, and is largely powerless for good.

Her representatives are unable to bring about disbandment of her armies, constituting a millstone about the neck of each succeeding cabinet; and there has been a new cabinet every few months. The armies are not national armies. Her military lords, each independent of the other, seize legitimate revenue when they can and levy illicit revenue, to keep their armies together and to maintain their individual power. The civil wars of China are usually the result of personal ambitions, not of national purposes.

The only public revenue handled rightly is that which is under foreign domination; and such revenue is mortgaged beyond its capacity. The so-called Central Government is bankrupt; it has been compelled to allow many millions of foreign and domestic debts to go to default, and the wages of its representatives and employees in almost all branches are long unpaid. The power of the provinces as independent political units is growing, and in violation of treaties made by the old Peking Government, these provinces are levying taxes upon imported goods, while the Peking Government is powerless to stop these violations.

The continued recognition of the Peking Government by the foreign Powers, which I do not criticise, is the chief reason for its retaining the semblance of power. The unification of the provinces, the creation, in Peking, or elsewhere, of a central power recognized by all China, seem a long way off. *International control by the Powers, advocated by many, would, in my opinion, end in a huge failure*, and it will probably never be attempted. China must and will work out her own political salvation. And in China, as in every republic, real or nominal, the basis of success must be an informed, enlightened and moral public opinion. It is only righteous and aggressive public opinion that frightens bad rulers, that restrains wicked officials, that produces a good government, that secures even-handed justice to all.

CHINA A PRETTY SAFE PLACE

Against this array of unhappy facts, we may set the fact that persons and property are perhaps on the whole as safe from violent seizure in China as in our own States. There are roving bandits in some parts of China, and foreigners are sometimes seized for ransom, as we know by recent reports, but, when I read of assaults and robberies in our own States, I think China a pretty safe place. There personal assaults and robberies, burglaries and street brawls are rare.

A FICTION UNMASKED

I promised myself recently to take advantage of an early opportunity to denounce publicly a story that seems to have reached every man and woman in the United States. I have scarcely

ever conversed as much as ten minutes with anyone who has not visited the Orient, without being asked, "Are the Japanese and Chinese honest?" And when I say "Which ones?" I am always met with something like this: "Well, I understand that the Japanese bankers cannot trust their own people and have to engage Chinese to run their banks."

There is no truth in the story, and there never has been. The Japanese banks have rarely, if ever, had Chinese in their employ. The story ought to be widely denounced in this country, for it does an injustice to the Japanese; and the Chinese, who, as a people, are doubtless as honest as any other people, do not need this false testimony as to their integrity. The story probably originated from the circumstance that when two British banks, which had long operated in China, opened branches in two cities of Japan, their leading comprador in China installed Chinese employees in these branches.

THE QUESTION OF POPULATION

There has never been a reliable census of China. It has been a habit of writers and speakers about China, during the last forty years or more, invariably to refer to her 400,000,000 people, an unchangeable figure despite the great number of births and the mortality in China. Although skeptical about even the approximate accuracy of the figure, I find it difficult to make myself such a heretic as would be involved in using some other figure. I assume that there are *about* 400,000,000 people in China..

CHINA A FARMER NATION

According to those well qualified to make the estimate, about eighty per cent of all the people of China—which means, let us say, upwards of 300,000,000 people—get their living from labor connected quite directly with the cultivation of the soil. There is a very wide distribution of the ownership of land. There are said to be in China about fifty million distinct land holdings,—ownerships in fee. This fact is considered by many as insurance against Bolshevism, the advocates of which are said to be distributing large quantities of Bolshevistic literature in China. In Southern China, a plot of ground approximately the size

of an ordinary city residence lot here, is a "farm," and its products keep a family alive. In Northern China, the units are often much larger.

THE POVERTY OF CHINA

"Keep it alive," is what I say, and is all I mean. It seems to be true that a large part of these millions live year after year on the edge of starvation, seldom or never having enough food to satisfy hunger, much less to provide a reserve supply to meet the contingencies of famine, due to flood or drought or other cause, that frequently arise. Too much is demanded of the land. It is a constant fight, by those who get their food from it, to obtain material necessary to produce the requisite soil fertility.

The lack of demand for labor, to which I shall refer later, forces resort to the soil by more people than the soil can well support. Government provides little in the way of drainage or other artificial aids. The farming methods of thousands of years ago are generally followed, yet practically nothing in the way of advice and assistance as to modern methods of farming is furnished by any governmental agency. Practically all that is done in this direction,—instruction in soil fertility, plant diseases, seed selection, animal husbandry, etc.,—is by the Christian missionary colleges.

THE LABOR PROBLEM

Another ten per cent, perhaps fifteen per cent, of the Chinese people, which means in the neighborhood of fifty million people, constitute *the laboring class*, other than those engaged in agricultural work. These are the artisans, the factory laborers (there are only a small number of the latter), the coolies, servants and manual workers of all classes. These millions as a rule do not own the hovels they occupy, and *they also live on the edge of starvation*. Their pitifully small earnings seldom allow them to feed themselves well, to say nothing about saving up anything to meet the needs of worse days than the common run. Life for them has no luxuries and few comforts, and, in our sense of that word, none. "Home" to them means squalid, almost bare quarters, with little or no heat in cold weather. Hot water is a luxury. Cold water is

not carried to them by pipes, but is bought in small quantities, out of their pitifully small supply of coppers, from the carts of the water vendors; and to make hot water requires fuel, which for them is very scarce and costly, often to a prohibitive extent, and always to an extent which limits its use to the very minimum. Clothing from head to foot is the simplest imaginable by anyone, and probably more simple than can be imagined by those who have not visited Oriental or tropical countries. Those who know only poverty as it exists in this country have little idea of poverty as it may be. Within a few steps of any place in any city of China, you can be shown poverty of a depth quite beyond your previous imagination.

THE PROBLEM OF ILLITERACY

I have been speaking of the two classes who with their families constitute a total of about ninety per cent of the Chinese people, perhaps more. *These people are nearly all illiterate.* By well informed people, those who can read and write are estimated for all China at not more than ten per cent of all the people, and often at only five per cent. It should be remembered, however, that illiteracy does not of necessity connate lack of intelligence. The court of the Emperor Charlemagne was illiterate, as was the Emperor himself, but this condition was due to circumstances, and has never been understood to show a lack of intellectual ability. The Chinese have great ability in the direction of learning what is taught them.

It can hardly be expected, however, that people who can neither read nor write can have much part, if any, in the creation of that righteous and aggressive public opinion that will smash public evils. Indeed these illiterates naturally know little or nothing about the political conditions and developments that surround them, however much they may be unknowingly interested in them. Public opinion is the product of the articulate classes, the educated classes.

NATIVE BUOYANCY

Despite all the poverty existing among the peasants and the laboring classes of China, the limited

possibility there to find enjoyment in life according to our view, these people as a rule are a good-natured people, a peaceable people, a temperate people, a law-abiding people, a people who endure their lot with wonderful patience and fortitude. Indeed, they know no other life, these sturdy, industrious people, who are as willing to work long hours as laborers anywhere and who, according to American engineers speaking from large experience with Chinese laborers and with laborers in other parts of the world, make as good laborers as any people in the world.

THE CHINESE DESERVE A GOOD GOVERNMENT

Such a people deserve a good government, one that will bring them more of the comforts of life; and some day good government, and more comforts, will come.

Despite the unhappy political conditions, the good qualities possessed by the masses of the Chinese people, inspire hope among China's foreign friends, and create the belief that a better day is coming. I share in that hope and that belief. The responsibility of the educated classes to see that that day is hastened, is immense, but is not, I fear, commonly accepted by them. If it be possible to weld into a real Republic, a nation of 400,000,000 people, largely illiterate, spread over an area approximating that of the United States, speaking many dialects not commonly understood, and with no history or background to fit them for the republican form of government, the Chinese will some time accomplish it, but perhaps only when an entirely new generation has come, a generation governed by new principles, and creating righteous and aggressive public opinion, overcoming the selfishness, the corruption that now governs so large a percentage of the educated class in China's political affairs. The best men in China, both Chinese and foreign, look to such public opinion for relief, partial or complete, sooner or later, from the curses that now beset her.

CHINA'S THREE GREAT CURSES

There are three great curses which I would mention. One is found in the *worse than use-*

less armies of a million or more men, which keep China in turmoil. There is grave need of a public opinion strong enough to compel the disbandment of a large part of them, and intelligent enough to devise an effective method for accomplishing such a disbandment, itself a difficult task.

Another is the *growing use of narcotics* encouraged by at least some of the military lords because of the illicit revenue it provides them. China has lost much ground in recent years in dealing with this evil.

The third is *the prevailing corruption among the officials*, made up altogether of the educated classes. Mention of it cannot be avoided in a statement of the true situation, but I pass over the harrowing details. This evil will never be done away with, except as the result of education that breeds character, that results in righteous, aggressive public opinion so widespread that it will break up this deep-seated evil. You may say we live in a glass house ourselves, on this subject; but, as I know our history, we have never suffered with this evil as China suffers.

Of course, I need hardly say that there have been and still are notable, honorable and high-minded men in Chinese public office, men far above the practices I refer to, who deplore the evil.

THE CAUSE OF CHINA'S POVERTY

Why is it that in China, a very large part of whose people are ready, willing and anxious to work and capable of doing good work, there is so much poverty?

It is because there is little demand for labor in China. I often think it a pity that the demand for labor, particularly domestic labor, which is so great in this country, and the supply of such labor, which is so abundant in China, cannot be allowed to meet, to the advantage of the people of both countries. The supply of labor is so great in all parts of China, and the demand so small, that a Chinese laborer who receives on an average per day an equivalent of ten cents in our money, is among the very fortunate; and with that pittance he often clothes and feeds, to the

limited extent I have mentioned, several people, old and young.

WHY IS THERE SO LITTLE DEMAND FOR LABOR?

Largely because China lacks a government that protects Chinese in the establishment and operation of industrial enterprises,—enterprises that would produce an ever increasing demand for Chinese labor and lessen the poverty that is so general. Instead of governmental protection of those who attempt to conduct manufacturing and other industrial enterprises, there is, too often if not generally, official extortion practised upon them; and consequently there is little extension of industrial enterprises in China, outside the limited areas which have some measure of foreign protection, such as the so-called “concessions” in Shanghai and Tientsin.

With the political conditions such as I have outlined, it is not remarkable that the pending industrial revolution progresses slowly, so far as purely Chinese enterprises are concerned. But, despite these conditions, enterprises under proper protection are making surprising headway.

HOW CAN CHINA'S AMERICAN FRIENDS HELP?

What can the foreign friends of China, those who believe in the brotherhood of man, who believe that a bad condition such as exists in China is harmful to the whole world,—what can they do to help?

1. OPEN OPPORTUNITIES FOR PRACTICAL BUSINESS EXPERIENCE TO THE CHINESE STUDENTS IN AMERICA

By the return of the surplus from our share of the Boxer Indemnity, we have brought to our shores for education thousands of the young men and young women of China. We have generously opened to them all the facilities of our institutions of learning; but this is not enough. They need in addition the practical contacts with business and industry which alone can fit them for the tasks which await them. Given these contacts, they should be ready to lead in the diffi-

cult work of developing China's great, natural resources—but without the practical knowledge which only such contacts can give, it is vain to expect of them the certain touch which means success. China's problems are practical problems, and in the presence among us of over 2,000 Chinese students we have an opportunity to serve China, and at the same time to serve our own interests. We should at once take steps to insure to every Chinese student of serious purpose a chance to learn, by practice, how practical men meet practical problems. This can be best accomplished by taking them into our industries. Our own rewards will be practical rewards; for we shall then have in the expanding markets of China men who appreciate the essential soundness of American business and American business methods.

2. GET BEHIND AMERICAN MISSIONARY EDUCATORS

I know of no better way for individuals to help China than by helping to increase the opportunities of the arising generation of Chinese to obtain education of the right kind—the kind that takes into account the moral side of life,—the kind that breeds character, the kind that teaches that citizenship carries with it public duties as well as personal advantages, and what those duties are; the kind that will produce a determination on the part of the educated classes to see that corruption in the government service is smashed; that armies are disbanded and that the government is run for the benefit of the masses; the kind of education that is being offered in the primary schools, the middle schools, the colleges and universities, carried on under missionary auspices, in charge of as unselfish a lot of people as can be found anywhere in the world. These institutions are all too limited in their physical ability to reach the Chinese who need their help, and are eager to have it.

I have come to believe that *America's greatest contribution to China*, greater even than America's political friendship, is *the work of the American christian missionaries in China*. This statement may indicate the importance I attach to the need of moral regeneration which must

precede any great political and industrial improvement. In all China there is not a single organization, on a scale of importance, that aims at moral improvement, or that is calculated to bring it about, that is not traceable in its origin to the Christian missions. I have inquired among all kinds of people from all parts of China for such an activity of non-Christian origin, without finding one.

One who engages in an effort to learn what is the matter with China, and what is the remedy, whatever may have been his former attitude toward religion, cannot fail to become interested in religion as a factor in China. The Chinese are a non-religious, not an anti-religious, people. Neither Buddhism nor Confucianism nor any other of the Oriental religions is any longer a motive force in China. A distinguished scholar, who spent a long period in China, has recently declared:

"Instead of carping at missionaries, we should remember that they have been almost the only ones in the past with a *motive force* strong enough to lead them to take an active interest in Chinese education."

I regard the Christian universities, colleges, academies, middle schools and primaries, with their nearly 250,000 Chinese students, as most potent factors in fitting China for taking her proper place in the world drama.

At one of the leading play houses in New York City, in a play that has had a long run to crowded houses, there is a character supposed to represent a Christian missionary in one of the South Seas, and I suppose it is accepted by many who see the play as representing the missionary type. By chance, I saw the play a few nights ago. According to my knowledge of missionaries in China and Japan (and I have seen much of them, and learned much of their methods and their work), the portrayal in this play is a scandalously false one. I believe that with the most diligent search, extending over any length of time, carried on by those most eager to find justification for the portrayal, no such character would be found in all China, nor in Japan, nor in the South Seas.

The men and women engaged in Christian missionary work in China and Japan are well educated, mostly college graduates, well-bred, high-minded, very sensible and practical-minded people, as I believe any fair-minded man, religious or otherwise, with knowledge of the missionaries and of their methods and work, will say. They are doing a work of far-reaching and vital importance, and with an unselfish devotion far above praise. Sometimes I wonder if there may not some time travel up and down this great land a Chinese John Wesley, or better still a hundred of them, arousing to a high pitch the moral sense of the people, as John Wesley aroused the English people long ago.

If China's educated men as a class have not the inclination and the courage to stand for the right, there is not much hope for her; if, because of fear of personal harm or personal disadvantage or because their moral sense is weak, they withhold support from men who are trying to do China good service, and with creditable success, then the worst has not yet come to China. And if the people of the United States do not realize the immense value of the work which their missionary educators are doing in China, they should be made to realize it; for China's problems are, to a large extent, the problems of the world in general, and of the United States in particular.

For two and a half years, I have watched in China for signs of hope, signs of the coming of that all-important righteous, aggressive public opinion upon which depends China's future, and the future of liberal government in Asia, for China is the test case. I have been often discouraged, disappointed; but I have never lost hope. I believe in the future of the Chinese people because I know what they are; and, despite their errors and their inevitable failures, I desire to help them, and to see my country help them. Therefore, I face the facts, the evil with the good, and desire my fellow-countrymen to know both. If they are enabled to understand China as she is, they will then be the better able to help her to become what she should be, politically, economically and spiritually a great republic.

THE CHINA SOCIETY OF AMERICA
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